



## STAFF REPORT

TO: Mayor and Town Council

FROM: Bonnie Bray, Finance Director

THRU: Susan Parker, Town Administrator

DATE: October 10, 2017

TITLE: **FY17 Audit**

ATTACH: Audited Financial Statements, Year Ended June 30, 2017

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Please find attached a copy of the just-completed audit for last fiscal year. It will be formally presented at the October 17 council meeting by auditor Lee Grissom, CPA, from S. Preston Douglas & Associates. To aid your review before the presentation, the following highlights may be useful:

- We ended the year with a General Fund fund balance of \$5.7 million, of which \$5.3 million is unassigned. This latter amount is 81% of General Fund expenditures, in excess of the 75% goal (p. 11).
- The General Fund had a surplus of \$190,500 for the year, enabling us to transfer less from the fund balance than was appropriated (p. 15).
- We have an additional \$1.8 million reserved for capital projects, \$630,000 for beach nourishment, and \$220,000 for expenditures related to the Powell Bill (p. 11).
- Capital assets increased by \$550,000 due to understatements in prior years (p. 41).
- Two other prior period adjustments were recorded, one increasing and one reducing the fund balance, with a net decrease of \$18,000 (p. 41).
- Auditors determined the combined adjustments warranted a significant deficiency finding, due to the material amounts involved (p. 66).
- A third prior period adjustment was recorded, in order to bring the town into conformity with GASB Statement 73 regarding pensions and benefits for retired law enforcement officers (p. 42).